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IMPROVING ACCESS TO FINANCIAL SERVICES PROJECT

PROJECT WORK PLAN – FISCAL YEAR III

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Improving Access to Financial Services Project

PROJECT WORK PLAN FISCAL YEAR III:
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USAID Improving Access to Financial Services Project in El Salvador

DISCLAIMER

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ABBREVIATIONS

ABANSA	Asociación Bancaria Salvadoreña.
ACACU	Asociación Cooperativa de Ahorro y Crédito de la Unión de Responsabilidad Limitada
ACACCIBA	Cooperativa Financiera ACACCIBA DE R.L
AMC	Adel Morazán Créditos de Responsabilidad Limitada
ASEI	Asociación Salvadoreña de Extensionistas del INCAE
ASOMI	Asociación de Organizaciones de Microfinanzas
BCR	Banco Central de Reserva de El Salvador
CRB	Central Reserve Bank
COP	Chief of Party of the USAID Improving Access to Financial Services Project
COR	Contracting Office Representative
ENLACE	Servicios Financieros ENLACE S.A de C.V
EQUIFAX	Private sector credit bureau
FEDECACES	Sistema Cooperativo Financiero.
FEDECREDITO	Federación de Cajas de Crédito y de Bancos de los Trabajadores.
FINCA	Asociación de Fomento Integral Comunitaria de El Salvador.
FUNDACIÓN CAMPO	Microfinance Institution
FUNDAMICRO	Fundación de Capacitación y Asesoría en Microfinanzas
GBSI	Global Business Solutions, Inc. – Prime Contractor
INTEGRAL	Sociedad de ahorro y Crédito, Apoyo INTEGRAL, de S.A
LOU	Letter of Understanding
MIDO	Mobile Financial Services Technology Firm
MSEs	Micro and Small Enterprises
NBFIs	Non-Bank Financial Institutions
OTA	Office of Technical Assistance of the U.S. Treasury
SEEP Network	International Network of Microfinance Institutions
SFS	Superintendency of the Financial System
SIHUACCOP	Cooperativa SIHUACCOP DE R.L
STTA	Short-term Technical Assistance
Weidemann	Weidemann Associations, Inc. – Sub-Contractor

INTRODUCTION

The USAID Improving Access to Financial Services Project (“*Project*”) seeks to facilitate and increase inclusive and equitable access to financial services for micro and small enterprises (MSEs) to support their economic activities and to coordinate with efforts to promote an enabling environment for ensuring adequate financial services for these MSEs. The Project’s activities are designed to increase the number and volume of productive loans to small and microbusinesses. To this end, contractor and subcontractor team is creating, promoting and implementing practical and innovative solutions to address and overcome obstacles to the flow of financial services for MSEs. This contract will also strengthen financial organizations to become more capable to meet the specific needs of MSEs and to become better prepared to confront risks in the economy.

The Project is contributing to the accomplishment of the USAID/El Salvador’s Mission Strategic Objective “Economic Freedom: Open, Diversified, and Expanding Economies,” through Intermediate Result No. 3 “Broader Access to Financial Markets and Services” by creating an enabling environment and increasing the capacity of financial organizations to provide appropriate and permanent services for MSEs. It is orienting Project strategies to be consistent with Goal # 6 of the Partnership for Growth agreement between El Salvador and the United States: “*Surmount low productivity of tradables by transforming factors of production of the tradables sector through the implementation of strategies to improve innovation and quality, and a focus on the international market.*”

This Work Plan describes activities to be implemented during the third and final (partial) year of operations (October 1st, 2012 – April 15th, 2014).

WORK PLAN ACTIVITIES

Review of Results to Date

The current status of contract deliverables influences the design of the FY III Work Plan. The tables below summarize and then provide information pertaining to what has been accomplished to date and what remains to be done as a prelude to the design of FY III activities:

Deliverable	Status
Regulators and Supervisors Trained	Exceeded
Capacity Building for Non-Bank Financial Institutions (NBFIs)	Exceeded
Number of MFI staff trained	Exceeded
New Products	Exceeded
Number of New Borrowers	Exceeded
Number of New Savers	Exceeded
Microfinance Institutions in Compliance with the Superintendency of the Financial System	In Process
Increase in institutional equity	Pending

Explicit Contract Indicators	Numeric Targets	Results 6/30/2013	Observations
Regulators and Supervisors Trained	240 (40.0% women)	243 (38.7% women)	<p>The original contract target was 80 staff trained. The Project focused on this target during Fiscal Year (FY) I and modified the End-of-Project (EOP) deliverable to 240, most of which was accomplished during FY I. At the start of FY II, additional regulatory and supervisory staff was trained by the Project, bringing the total to 243.</p> <p>During FY III the Project does not intend to provide additional training to the staff of either the Central Reserve Bank or the Superintendency of the Financial System (“SFS”).</p>
Capacity Building for Non-Bank Financial Institutions (NBFIs)	8	9	<p>At the end of Fiscal Year I, the Project had signed Letters of Understanding with seven NBFIs: AMC, ENLACE, INTEGRAL, FINCA, ACACU, ASEI and <i>Fundación Campo</i>. During FY II, two more Letters of Understanding were formalized with ACACSEMERSA and ACACCIBA, two credit unions.</p> <p>During FY III, the Project may formalize a relationship with a 10th partner: SIHUACCOP. If this occurs, the technical assistance of the Project will be its Gap Analysis to inform the credit union of any variances which may exist between their existing set of policies and procedures and those required by the SFS.</p>
Microfinance Institutions in Compliance with the Superintendency of the Financial System (SFS)	2	Final result pending	<p>AMC and ACACU are the two institutional candidates selected to fulfill this contract deliverable. Both institutions have invested considerably in eliminating Project-identified gaps in their policies and procedures. Major decisions in terms of ownership structure and shareholder alternatives have been discussed at Board meetings. Certain institutional decisions remain pending. The Project will work with these two institutions during FY III to ensure they fulfill requirements to the satisfaction of the SFS.</p>
Increase in institutional equity	6%	To be calculated	<p>This indicator was designed to be calculated at Project end using audited financial statements from our institutional partners. This assessment will be carried out for all partners submitting audited financial statements by March 31st, 2014.</p>

Explicit Contract Indicators	Numeric Targets	Results 6/30/2013	Observations
New Products	2	3	<p>During Fiscal Year I, the assumption was that mobile financial services would emerge as a new, Project-developed product. The proposed law is currently awaiting legislative approval. During Fiscal Year III, the Project will continue to request a meeting between the Mission Director of USAID, the Minister of <i>Hacienda</i> and the President of the Central Reserve Bank in order to lobby for the passage of this important law.</p> <p>As of the date of this Annual Work Plan, mobile financial services cannot be counted as a new product. As such, the Project's expected products, to be further enhanced during Fiscal Year III, are (i) savings in INTEGRAL; (ii) the Indebtedness Report of EQUIFAX, copies of which are already being sold in the market; and (iii) credit cards, to be issued by AMC with Project assistance.</p> <p>If the mobile financial services law (<i>Anteproyecto de Ley de Inclusión Financiera</i>) were to pass, the Project will count this as a fourth new product. Discussions are currently underway with INTEGRAL to assist with the development of debit cards for its clients, which could potentially represent a fifth new product.</p>
Number of New Borrowers	3,200 (65% women)	4,457 (67% women)	During FY III, the Project will focus more on enhancing the quality available to existing clients as well as decreasing operating expenses while simultaneously disbursing loans more quickly.
Number of New Savers	800 (65% women)	3,969 (59% women)	This is a Project-defined contract deliverable. The success of the Project's technical assistance with INTEGRAL exceeded all expectations.

In addition to the explicit deliverables above, the Project contract also refers to the following activities:

1. One association strengthened;
2. Links and coordination with other USAID projects; and
3. Promote dialogue among financial institutions, federations, associations and supervisory bodies to reach consensus on legal and policy issues.
4. To promote activities which will continue to have an impact after this Project ends.

The information in the two tables above served as a guide for the design of the following section.

Short-Term Technical Assistance

Fiscal Year III for this Project consists of 6½ months, including the months of December 2013 and January 2014, a crucial time period for microfinance institutions. The summary calendar of activities

	Fiscal Year III						
	Oct	Nov	Dec	Jan	Feb	Mar	15-Apr
Technical Assistance Activities							
Home Office Field Visits							
Final Reports / Office Close-Out							

is as follows:

Furthermore, although the impact of certain Project initiatives will extend beyond April 15, 2014, all direct short-term technical assistance activities will end at the end of February to allow time for Project close-out activities. Therefore, the consultants required to carry out the following complete list of proposed technical assistance should be defined and hired by the end of October.

Project Component 1: Improvement of the enabling regulatory and supervisory environment for MSEs.

Mobile Financial Services

US\$0

During Fiscal Year I (FY I), the Project provided significant and timely support to the Central Bank (BCR) to assist in the design and preparation of an enabling environment aimed at enhancing financial inclusion via mobile financial services offered by cell phone operators in conjunction with local banks. During FY II the Project implemented follow-up activities to promote the approval of what evolved into an *Anteproyecto de Ley de Inclusión Financiera*, including sponsoring an event involving three international experts who spoke in favor of this initiative. The Presidency of the Central Reserve Bank changed during Fiscal Year II, and the new President has communicated to the Project her support for this law.

However, the Association of Commercial Banks (ABANSA) implemented a very effective strategy to block or delay the approval and as of the writing of this report, the law has yet to be approved by legislators.

The Project does not envision further monetary investments to encourage passage of the proposed law. However, efforts will continue to pursue its approval, particularly through high-level meetings between USAID, the Central Reserve Bank, the Superintendency of the Financial System and the Ministry of Hacienda.

Financial Education

Materials Development and Outreach

max \$30,000

The importance of client protection and more generally financial education has grown significantly in the past five years within the microfinance industry worldwide. This Project supports the client protection principles promoted by the SMART Campaign¹, the orientations of the Social Performance Task Force² and the efforts of the *Programa de*

Citigroup Donates US\$3.9 million To Financial Education For The Poor

"What makes this project so important is that by teaching good money management practices regarding earning, spending, saving and borrowing, financial education enables poor people to better manage their money and financial options, and improve their wellbeing. For the microfinance institutions, the informed customer makes for a better bottom line," said Monique Cohen, President, Microfinance Opportunities.

Educación Financiera El Salvador, consisting of the combined efforts of the Central Reserve Bank, the Superintendency of the Financial System, the Deposit Guarantee Institute and the Consumer Defense Agency.³

During Fiscal Year III, the Project intends to support the country's financial education program, although this support will depend on the commitment of the four entities mentioned above to unite efforts to present one set of materials for the public at large.

This support strengthens the Project's partner microfinance institutions (see highlighted text at left), although in a less direct way than specific technical assistance activities. Nonetheless, the

Project, through this investment, will be improving access to financial services in the sense that not only will financial services be increasingly available, but the services themselves will be improved by a more knowledgeable market.

Partner Events

\$2,000

The Project has already supported a very successful financial education event in La Unión, at the request of Project partner ACACU. Representatives of the Central Reserve Bank, Superintendency of the Financial System and the Project broadcast financial education to an estimated 30,000-35,000 viewers of ACACU's television program. As a result of this event, Project partner ACACSEMERSA requested a similar event for Santa Ana, and the Project will comply. During Fiscal Year III, the Project will support similar events, particularly given that the cost/benefit is so favorable, particularly once materials have been prepared.

¹ <http://www.smartcampaign.org/>

² <http://www.sptf.info/spmstandards/universal-standards>

³ <http://www.educacionfinanciera.gob.sv/>

*Gap Analysis**\$4,000*

The Project has developed an inexpensive, rapid and highly effective strategy for informing institutional partners about the gaps between their existing set of policies and procedures compared with those required by the Superintendency of the Financial System. This Gap Analysis has already been conducted for Project partners AMC, ACACU, ACACSEMERSA and ENLACE and will be conducted for the Project's ninth institutional partner ACCACIBA during Fiscal Year III. Also, talks are underway with yet another credit union – SIHUACOOOP – to conduct for them the Project's Gap Analysis.

Board members have proven particularly interested in those policies and requirements of the SFS which affect them directly. Roles and legal responsibilities are detailed, many of which were unknown to the Directors. In the case of ACACSEMERSA, for example, board members will need to resign since they do not fulfill the minimum age requirement.

The Gap Analysis has proven to be an extremely effective way to raise the awareness of Project partners regarding the policies and procedures which apply to supervised financial intermediaries. In every case where the Gap Analysis has been conducted, Project partners have committed to strengthening their internal capacity to bring them into compliance with regulatory requirements.

*Board Training in Regulatory Requirements**\$0*

During Fiscal Year III, board members of Project partners ASEI and Fundación Campo will receive training from Project consultant Napoleón Custodio. The contents of this training come directly from the findings of Mr. Custodio's work with both institutions regarding their interest in becoming fully regulated financial intermediaries. As a direct result of Project input, Fundación Campo has decided to convert itself into a credit union (highly appropriate choice given its lending methodology involving community associations) as of January, 2014 which will allow it to offer savings as a new product to the communities in which it operates. Fundación Campo has indicated to the Project that its communities are already anxiously awaiting the start of this new service. Funding for these trainings come from previously-approved consultancies.

*Institutional Assessment Follow-Up: FINCA**\$10,000*

During the first quarter of FY III, the Project will review with partner FINCA the results of the institutional assessment conducted by Project consultant Morena Fuentes. This assessment has identified a series of deficiencies pertaining to internal policies and procedures, and a priority should be to strengthen the institutional capacity of FINCA by ensuring proper policies and the formal definition of procedures pertaining to these policies.

Since this activity envisions the preparation of a number of policy manuals, the Project will commit to investing in this capacity development only if FINCA commits to a methodology in which the contents of the manuals are not simply written and forgotten, but rather instituted immediately within the day-to-day operations of FINCA.

*IT Systems Audit – Preparation for Supervision**\$10,000*

As a complement to the *Gap Analysis* described above, the Project is also offering to Project partners an audit of their entire Informational Technology (“IT”) systems. IT systems are at the very heart of regulated financial intermediaries and as such an understanding of the strengths and weaknesses of their internal processes are crucial for institutions interested in formalizing their operations with the SFS. For example, although ACACU’s IT system complies with SFS requirements the Project’s technical assistance has determined that it does so at a speed which is less than optimal. Furthermore, the configuration of its current software makes it increasingly difficult to comply with any changes which the SFS may require in the future. These findings are leading ACACU’s board of directors to assess the advisability of moving up to a new and far more robust accounting system.

During Fiscal Year III, the Project expects to conduct IT audits at least to partners ASEI and ACCACIBA.

Strategic Planning – Microfinance Association

\$11,000

ASOMI has requested Project support to underwrite the cost of a strategic planning effort, to be completed by December 30th, 2013.

The Project has responded to ASOMI by indicating that its agreement to fund this activity is dependent on the willingness of ASOMI to commit formally to the targets established by the SEEP Network for microfinance associations. Of significance is that these targets, which were developed over an 18-month global effort involving microfinance associations from around the world, include an important one which states that 100% of association members should capture deposits and that 100% of microfinance institutions which capture deposits should be members of the association. To reiterate, the Project will support ASOMI’s strategic planning initiative only if it is willing to commit to these targets.

When Project activities began in January 2012, only ASOMI member INTEGRAL had sought supervisory authorization to capture savings. (The volume of savings deposited in INTEGRAL has literally blossomed following Project technical assistance to this institution.) That is, the association consisted of a group of institutions still operating within the general mindset of NGOs. This has changed: ASOMI members and Project partners AMC and Fundación Campo are already well on their way to changing their institutional legal status to enable them to capture savings, FINCA is committed to this although it must address other institutional issues first, and although ASEI indicates a willingness to convert into a deposit-taking institution, its degree of commitment may be less than at other institutions. (To be determined.)

The most important point about this potential Project investment is that if ASOMI’s board of directors were to agree with the Project’s orientation and focus its strategic plan on the SEEP targets, then the impact would be both significant and would extend far beyond the end of this Project. For example, in order to comply with the SEEP targets, all of ASOMI’s members would have to capture savings, meaning those which haven’t already would have to modify their legal status and some would jump directly to being intermediaries supervised by the Superintendency of the Financial System.

Event to Promote Supervision

\$8,500

The Project will finalize by September 30th, 2013 the new web page, to be positioned within the website of the SFS, which will provide in one place, currently disparate information pertaining to the requirements and responsibilities of supervised financial intermediaries. In addition to this web page, Project consultants have been advising the SFS regarding how to lower the costs of supervision, both for the SFS itself as well as for the supervised organizations. The Project will sponsor an event, tentatively scheduled for October, 2013 which will launch the new web page while also informing as-of-yet unregulated financial intermediaries (microfinance institutions, credit unions, and *cajas*) about the unfolding policies of the SFS to ensure proper prudential regulation but with strategies which are less onerous than at present. Part of the investment for this event would be covering the travel expenses of representatives of bank supervisors from Bolivia and Perú, the two countries ranked #1 and #2 by The Economist Intelligence Unit in terms of their microfinance regulations.

Micro-Insurance Policies for Supervision \$9,500

Prior to the end of September 2013, Project consultant Andrea Camargo will deliver her final report stemming from her Fiscal Year II visit to El Salvador to advise the SFS on policies for supervising micro-insurance products. The SFS has requested a second visit from Ms. Camargo and the investment figure reflect the approximate cost of this follow-up visit.

The Project has not yet concluded that a second visit is warranted or that Ms. Camargo would necessarily be the best person to meet the needs of the Superintendency. The Project will coordinate closely with USAID following the presentation of Ms. Camargo's report to determine next steps. Given the Superintendency's request, funds are allocated here independent of who the final consultant may prove to be.

Project Component 2: Improvement of technical skills, new products and market infrastructure of the financial institutions to provide appropriate financial services for MSEs.

Several of the activities described above correspond to improved technical skills. Nonetheless, this section presents those activities which do not also prepare the institutions for eventual supervision by the SFS.

New Products *Total Committed Funding: US\$22,500*

Savings – Fundación Campo \$15,000

Given the much-better-than-expected success of the savings consultancy conducted for the benefit of INTEGRAL, the Project has agreed to the request of Fundación Campo for a similar exercise in anticipation of its change of institutional status in 2014. This technical assistance is scheduled to begin in September, 2013 and will continue through February 2014.

Regulatory Compliant Accounting System – FUNDAMICRO \$7,500

Microfinance institutions operating in El Salvador currently do not have available for purchase an accounting system that is in full compliance with existing Superintendency regulations. This initiative will address this important market need.

The Project has been working indirectly with FUNDAMICRO as a result of its work preparing partner AMC for formal supervision. Through Project orientation, FUNDAMICRO has been making substantial modifications and enhancements to its accounting software. The indicated investment represents a final, direct relationship between the Project and FUNDAMICRO to ensure that the accounting software complies fully with the regulations of the SFS. Once this activity is completed, not only will AMC have an IT system which meets its needs, FUNDAMICRO will be able to offer this new product to all microfinance institutions, credit unions and *cajas*, thereby removing a major hurdle for these institutions to become fully regulated financial intermediaries.

Credit Cards – AMC

\$0

As part of its on-going technical assistance to AMC in anticipation of its transformation into a fully supervised financial intermediary, the Project supported AMC's efforts to establish the full set of policies, procedures and IT requirements for issuing credit cards to its clients.

During Fiscal Year III and with on-going support of the Project, we expect AMC to start issuing credit cards to its clients, thereby launching a new product. During Fiscal Year III the Project will document its contributions to AMC to generate this important new product.

Over-Indebtedness – EQUIFAX

\$3,000

The Project's Fiscal Year II efforts with EQUIFAX – a private sector credit bureau – have resulted in the design and presentation of a fascinating report which provides valuable information to the whole range of micro-lending institutions about the borrowers of their clients. The reports are configured to present data on the entire micro-credit market, the market divided into microfinance institutions, credit unions and *cajas*, and finally, reports tailored to individual institutions. EQUIFAX has been marketing these reports and has indicated to the Project that interest in purchasing reports is not limited to the microfinance market.

Part of the Project's strategy to strengthen ASOMI is to help it identify potential new sources of revenue. For this reason, the Project negotiated with EQUIFAX the preparation of the association-level reports, to be provided free of cost to the associations at the beginning, which the associations might in turn sell at a profit to its membership.

The Project anticipates three short events, one designed for ASOMI and its membership, another for FEDECACES and its credit unions and a third for FEDECRÉDITO and its *cajas*. At each event, EQUIFAX will present a comparison between the results of the associations' members as compared to the results of the market at

“Through this Project, at least one association of institutions serving micro and small entrepreneurs must be strengthened to help it improve its institutional performance, advocate for an appropriate enabling environment for microenterprise development and serve as sources of fundamental information to its membership.”

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large. The Project will invite the SFS to all three events. The indicated budget is to finance the events in local hotels.

Deeper Market Penetration \$27,500

Inter-Program Events \$20,000

The Project has initiated contact with the USAID Municipalities Competitive Project and the USAID Program for Small and Medium-Sized Enterprise Development to coordinate efforts among the three programs to the benefit of micro, small and medium-sized businesses.

The Project has proposed three events – one to be held in Santa Ana, a second in San Salvador and a third in San Miguel – which will bring together in one place businesspeople, financial institutions and support institutions in order to facilitate productive contacts among the various parties. The Project anticipates a variety of activities at these events, including financial education.

The coordination and implementation of these three events will occur in Fiscal Year III and it is anticipated that all three events will be held prior to the end of December, 2013.

Other Training Activities \$7,500

The Project will continue to provide partial scholarships to employees of partner institutions to attend training events of particular use to them. The budgeted amount will also be used to cover special training activities as per USAID requests.

The activities described above are organized as per Project components. Below, the same activities are organized by institutional partners:

ACACU ACACU is a credit union located in La Unión. With four branch offices, it manages US\$45 million in total assets, US\$35 million of which are in outstanding loans to almost 6,000 of its membership, approximately 1,200 of which represent loans to micro and small enterprises averaging US\$3,500. ACACU has been receiving Project technical assistance to bring it into full compliance with SFS policies. The Project is considering a request from ACACU to assist it with certain marketing strategies and will maintain this request in its list of potential activities to support in case other activities described above do not occur or require less funding than budgeted.

ACACSEMERSA This Project partner is a credit union with a head office in Santa Ana and three branch offices in El Congo (Santa Ana), Ciudad Arce (La Libertad) and Chalchuapa (Santa Ana). It was founded in 1963 by the women of the Municipal Market #2 of Santa Ana, meaning its membership coincides significantly with the Project's target population. Approximately 60% of its 7,500 members are women, as are 75% of its board members. The credit union has in excess of US\$10 million in assets.

The market study for establishing a new branch office was completed in the final quarter of Fiscal Year II. Based on its findings, the credit union has decided to follow-through and establish a new branch during Fiscal Year III.

ACACCIBA The Project has signed a Letter of Understanding with ACACCIBA, its ninth institutional partner, thereby exceeding the minimum contract deliverable of eight institutions. ACACCIBA is a credit union located in Ciudad Barrios. It restarted its operations in 2000 after the failure of previous administrations. At the request of this credit union the Project will conduct during Fiscal Year III a Gap Analysis to inform its board about the variances which exist between current policies and procedures and those required by the SFS in anticipation of the eventual supervision of this intermediary.

AMC This microfinance institution / cooperative society, is located in San Miguel, with sixteen branch offices throughout El Salvador serving approximately 12,500 small entrepreneurs. It disburses more than 1,200 loans each month with an average value of less than US\$900. Fiscal Year III activities include the issuance of credit cards as a new product.

Apoyo INTEGRAL INTEGRAL is a regulated microfinance institution / cooperative society. It has approximately us\$70 million in assets and 35,000 microenterprise borrowers being attended through 26 branches. It started to capture deposits from large and small savers alike in December 2011. Following Project assistance to provide orientation and staff training regarding how best to capture savings, INTEGRAL has opened new savings accounts for almost 4,000 individuals, practically 60 percent of which are women.

For Fiscal Year III, INTEGRAL has requested Project support to invest in technology infrastructure so that it can enhance its operating efficiency and offer more services to its existing clients. This technology will also prepare INTEGRAL for the eventual approval of the Law of Financial Inclusion. In addition, discussions are underway to assess the feasibility of assisting INTEGRAL in the development of debit cards for its clients.

ASEI ASEI is a non-governmental organization (NGO) with head offices in San Salvador. It manages four branch offices, 7,200 clients and an outstanding loan portfolio of approximately US\$1.4 million.

During Fiscal Year III, the Project will provide training to its board of directors so that they will become more familiar with the policies and procedures required by the SFS for supervised financial intermediaries. To further prepare ASEI for eventual supervision, the Project will also conduct an audit of its IT systems. This audit is expected to take place in calendar year 2014.

ENLACE This microfinance institution / non-governmental organization, has a head office in Santa Tecla, ten branch offices throughout El Salvador and more than 37,000 active clients. It disburses almost ten thousand credits each month, 100% of which, on average, are below US\$400. ENLACE intends to present to the SFS its proposal to become a formally regulated financial intermediary.

During Fiscal Year III the Project will support ENLACE's efforts to create a mobile infrastructure to allow field agents to service current and future clients more efficiently and at less cost. This infrastructure, to be installed by MIDO, will also prepare ENLACE for the eventual approval of the Law of Financial Inclusion, which will authorize mobile financial services.

FINCA FINCA is a non-governmental organization with its head office in San Salvador and nine branch offices throughout El Salvador currently serving approximately 8,000 clients, a significant increase from twelve months ago. During Fiscal Year III, the Project will provide support to FINCA in the form of financial education training to its complete roster of field agents so that they, in turn, can properly educate all of FINCA's clients. For this assistance, the impact of which will extend far beyond the length of this Project, FINCA has provided numeric targets for February 2014 as well as for December 2014.

F. CAMPO Fundación Campo is a non-governmental organization with head offices in San Miguel. Of particular interest is that this organization works with rural producer groups, offering the Project an opportunity to explore ways to increase the productivity of participating small farmers.

During Fiscal Year III the Project will provide training to board members concerning the required policies and procedures of the SFS, including requirements for and responsibilities of the board members themselves. Furthermore, the Project will invest in technical assistance designed to replicate in Fundación Campo the success experienced within INTEGRAL regarding the capture of savings. In calendar year 2014, Fundación Campo will convert itself into an authorized deposit-taking institution; representatives of its community associations (ADESCOS) are already clamoring for this service.

SIHUACOO This credit union is also potentially interested in the Project's Gap Analysis. It has branches in San Salvador, Santa Ana and Metapán, with total assets approaching US\$18 million, US\$13 million of which are funded by savings. During Fiscal Year III the Project will determine whether or not to sign a Letter of Understanding with this credit union, which would bring the number of partner institutions to ten.

ASOMI

Throughout this third and final Fiscal Year of activities, the Project will provide support to ASOMI's strategic plan initiative, assuming ASOMI is interested in orienting its membership towards deposit-taking and full supervision by the Superintendency of the Financial System. Furthermore, the Project will support ASOMI in terms of promoting the EQUIFAX report on indebtedness within the national microfinance market, thereby providing a new source of revenue to support ASOMI's efforts towards its own sustainability.

PERFORMANCE MONITORING

The Project will continue to monitor contract-defined targets and the timelines and numeric targets established for specific technical assistance activities. During this final Fiscal Year, the Project will receive close-out visits by Head Office personnel from both Prime Contractor Global Business Solutions, Inc. and subcontractor Weidemann and Associates, Inc.

REPORTING

Work Plan

This document represents the GBSI Team work plan for Fiscal Year III of project activities. This is the final work plan to be developed by this Project.

Weekly Reports

A bullet-point summary of activities, achievements, events and issues pertaining to program implementation and progress will continue to be presented to the USAID COR each week. When appropriate, these reports will be accompanied by relevant information in the USAID "Events Calendar" table to alert the USAID COR of upcoming events which might provide opportunities for USAID to showcase its activities within El Salvador.

Quarterly Accrual Reports

Accrual reports will be presented to USAID on or before December 15, 2013 and March 15, 2014.

Quarterly Technical Reports

The Project Team will deliver to USAID quarterly reports within 30 days of the end of each quarter, using USAID's fiscal year of October – September. These reports will describe activities implemented to achieve project deliverables and will highlight progress towards established targets.

Outline of Final Report

The Project Team will deliver to USAID the outline of its final report by January 15th, 2014 for COR approval.

Final Report

The detailed draft final report will be presented on or before February 15th, 2014 will contain, in addition to the activities carried out in the previous quarter, a summary of all Project activities and accomplishments of the fiscal year which is concluding.

Report of Foreign Taxes

The Project will present this obligatory report on or before April 15th, 2014.

Report of Data Quality Assessment

The Project has been informed that a data quality assessment is required once every three years. Therefore, the document presented in FY I fulfills this contract deliverable.

Demobilization Plan

The Project will present this obligatory report on or before January 15th, 2014.

Report on Government Property / Inventory

The Project maintains an inventory of all equipment and furnishings purchased with USAID resources. This inventory is shared with the Project's Contracting Office Representative to facilitate on-site verifications. The Project will submit the final inventory, including depreciated market prices and status of equipment, to be attached to the Demobilization Plan.

Special Reports

Three Special Reports are called for in this Project. As indicated in previous sections of this Work Plan, the following reports will be prepared:

1. An on-line tool to be developed with the SFS to orient financial institutions on how to become fully-regulated intermediaries. A detailed description of the Project's Gap Analysis technical assistance and results will be included in this report.
2. A document covering the theme of over-indebtedness in El Salvador.
3. A report which will document the impact of the *Performance System* within the financial institutions implementing it.

ANNEX A: ESTIMATED ANNUAL WORK PLAN BUDGET FY2014

LINE ITEM	Total Budget	Estimated Cumulative Expenditures as of 9/30/2013	Fiscal Year III Work Plan Estimated Budget			Estimated Total Expenditures thru 4/15/2014	Remaining Estimated Budget Balance thru 4/15/2014
			QI	QII	QIII		
Labor	497,540	346,885	68,512	70,674	10,428	496,498.65	1,041.35
Fringe Benefits	373,070	225,719	58,107	61,318	9,418	354,562.91	18,507.09
Other Direct Costs	193,664	100,898	54,366	51,244	5,332	211,839.75	(18,175.75)
Sub-Contracts	1,085,798	698,273	205,980	165,320	15,000	1,084,573.24	1,224.76
Indirect Costs	526,236	345,208	85,589	83,060	11,902	525,759.48	476.52
Sub-Contract Admin Fee	54,290	35,114	9,727	7,884	741	53,466.34	823.66
Fixed Fee	106,912	88,131	7,299	7,266	4,000	106,696.25	215.75
TOTALS	2,837,510	1,840,230	489,579	446,767	56,821	2,833,396.62	4,113.38

ANNEX B: TRAINING PLAN FY2014

The Project has already far surpassed its deliverable in terms of training both regulatory personnel as well as staff of partner non-bank financial institutions. The Project's policy of providing partial scholarships for selected training activities from local service providers as they arise, has proven to be extremely popular.

With Fiscal Year III, the Project is preparing for close-out and has no specific training plan for the remainder of this activity. Yet should interesting courses be offered, the Project may elect to offer additional scholarships. Following Project protocols, the Project will submit to the Project COR a request to approve all training activities to be provided by entities (e.g. FUNDAMICRO) not directly associated with or previously approved by USAID. For consultant-provided training, those training events are incorporated into the respective terms of reference and submitted to USAID as part of the broader approval package.